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January 22, 2008

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SUBJECT: BID-TO-GOAL VERIFICATION OF SAVINGS

PERIOD: FISCAL YEAR 2007

PURPOSE:

The purpose of our engagement was to verify the accuracy of the budgetary savings reported by the Water Department Customer Support Division (Division) in the Bid-to-Goal FY 2007 Annual Report. In addition, we were to identify practices and procedures that could assist the Division in improving future Bid-to-Goal program reporting.

SCOPE:

We performed a comprehensive review of the Division's budgetary savings calculation. In completing our review, we compared total expenditures and encumbrances presented in the Bid-to-Goal FY 2007 Annual Report to the total expenditures and encumbrances reported in the City of San Diego Simpler reports. We reviewed the expenditures classified in the Annual Report as fixed budget objective and pass-through budget objective. We also analyzed expenditures presented as out-of-scope. In addition, we reviewed the encumbrances at June 30, 2007 and those closed subsequent to the end of the fiscal year.

SUMMARY:

Customer Support Division (Division) reported fixed objective budgetary savings of \$1,001,464 in the Bid-to-Goal (Bid) FY 2007 Annual Report (Annual Report). Per the Employee Bid agreement, 50% of the savings reported will be placed in an Assurance Fund for employee payouts. Based upon our comprehensive review, \$968,036 should be reported as fixed objective budgetary savings and \$484,018 should be eligible to be placed in the Assurance Fund for employee payouts. Adjustments to the budgetary savings are included below in Exhibit A.

EXHIBIT A:

Functional Areas	Savings per Annual Report	Savings per Audit	Decrease in Savings
Administration	(41,341)	(41,341)	-
Water Resources	388,720	388,720	-
Customer Service	773,494	740,066	(33,428)
Field Services and Investigations	(43,674)	(43,674)	-
Meter Services	(216,479)	(216,479)	-
Inflation – Adjusted (2.64%)	140,744	140,744	-
TOTAL	1,001,464	968,036	(33,428)

FINDING AND RECOMMENDATION:

Finding 1:

Customer Service overstated budgetary savings by \$33,428. The variance was caused by the Division using year-end reports that did not include the final adjustments from the City of San Diego auditors. The Annual Report was due prior to the recording of the final adjustments by the City of San Diego auditors, therefore the Division used the most current Simpler reports that were available.

Recommendation:

We recommend verifying that all adjustments from the City of San Diego auditors are complete prior to finalizing budgetary savings. If the annual report is due prior to the completion of all adjustments, we recommend revising the budgetary savings to include the most recent Simpler reports for the audit.

OTHER RECOMMENDATION

Recommendation 1:

The Division identified additional out-of-scope expenditures that were not included in the fiscal year 2007 savings calculation. We recommend including in the Annual Report all out-of-scope expenditures and encumbrances that fall within the guidelines of the Employee Bid. It could result in increased budgetary savings for the Division.

This report is intended solely for the information and use of the City of San Diego and Water Department Customer Support Division and is not intended to be and should not be used by anyone other than these specified parties.

AKT, LLP
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